

CONFIDENTIAL

DDA 82-1534/1

DDA RECSIMY
FILE: 100-5

25 JUN 1982

Executive Report

82-5308/1

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Fraud, Waste, and Abuse in Government []

25X1

REFERENCE: Note to DDA from DCI, dtd 16 Jun 82, re same
Subject (ER 82-5308)

1. In response to your query for ideas on the subject of correcting fraud and waste, the following information is provided to give you some indication of the thrust of our initiatives in this area:

a. In FY 1981 the Agency handled transactions totaling over [] There were 31 cases of shortages. These shortages totaled [] of this amount, [] was recovered--a net loss of []. The net total loss was, therefore, .0009 percent of the total funds handled!

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b. In FY 1981 the Inspector General conducted 118 financial audits of Agency activities which resulted in 235 recommendations. Approximately 100 percent of these recommendations have been implemented.

c. As a result of an Inspector General investigation in July 1981 of the Agency's Board of Review and the Overpayment Review Board, the Office of Finance has revised our regulations and strengthened financial controls.

d. The Director of Finance has been delegated authority as the sole Agency official who can officially appoint cash custodians.

e. During FY 1981 our Commercial Audit Staff issued 1,459 audit reports on proposed contracts totaling [] which resulted in audit deduction recommendations [] or 6.6 percent of the total amount audited.

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f. During the first six months of FY 1982, we implemented the use of Government Travel Requests (GTR's) for official domestic travel, resulting in a savings of \$1.07 million.

g. We have made a number of changes in the cash management area in the recent past, i.e., revised procedures for drawing [] cashier's checks have resulted in a savings of about \$6,800 per day; reduction in our bank account balances reflects a savings of \$45,000 per year; and a reduction in cash on hand at Agency installations results in additional savings.

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h. In the summer of 1981, a Cost Reduction and Efficiency (CORE) working group was established to review cost reduction and efficiency measures. In December 1981 the Agency's Executive Committee reviewed nine CORE recommendations, approving five of them (including acquiring more efficient printing equipment, internal TEMPEST testing, consolidation of several activities, increased use of suggestion awards) and directing further study of several others (increased use of sea shipments, further use of commuted rate travel procedures, etc.).

i. Our regulations require that components respond to Inspector General audit recommendations within a period of 60 days. []

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2. Unlike most government agencies, our reinvestigation and repolygraph programs provide us with unique opportunities to uncover misuse of official funds. []

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3. Our management of travel and our internal controls are apparently more stringent than most other government agencies. The use of blanket travel authorizations is minimal. The purpose of travel is not only spelled out on travel orders, but is also required in messages which request the approval of the chief of the installation being visited. []

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4. After reviewing the most recent publication on correcting fraud and waste in government, I believe that we are far ahead in this area. However, I agree that there are areas where "fat" exists in the Agency and we will continue to pursue ways to reduce waste and abuse. []

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[]
Harry E. Fitzwater

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ROUTING AND RECORD SHEET

DDA 82-1534

SUBJECT: (Optional)

Fraud, Waste, and Abuse in Government

FROM:

Harry E. Fitzwater
DDA
7D-18 Hqs.

EXTENSION

NO.

DATE

25X1

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
1. ^W EXDIR 7D-55 Hqs.	02 JUL 1982		DR
2.			
3. DDCI ^{on} 7D-60 Hqs.	02 JUL 1982		J
4.			
5. DCI 7D-60 Hqs.	6 July 12 JUL 1982		
6. ^{20/00A}	12 JUL 1982	12 JUL 1982	
7. ^{ADD A}		13 JUL 1982	
8. ^{DDA}	13 JUL 1982		
9.			
10.			
11.			
12.			
13.			
14.			
15.			

pretty good
marks.

DD/A

FRC

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ROUTING AND TRANSMITTAL SLIP		Date
TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. EO/DIA	AW	17 JUN 1982
2. A/DIA	X	6-23
3. DIA	X	6-23
4.		
5. EO/DIA		
Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

Suspense: 25 June
 1-2/3: I am preparing a
 reply — this is pure +
 simple sop!

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
	Phone No.

5041-102

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